

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-10 SWF-01 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01

SP-02 STR-01 TRSE-00 LAB-01 SIL-01 SAM-01 OMB-01

AGR-05 NSC-05 SS-15 PA-01 PRS-01 USIA-06 EA-06 /091 W

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TO SECSTATE WASHDC 7843

INFO ALL EC CAPITALS 64

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EPAP, EEC

SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS MEETING, NOVEMBER
18-20.

REF: (A) EC BRUSSELS 8274 (B) EC BRUSSELS 8188

1. BEGIN SUMMARY. DURING A LONG AND ARDUOUS SESSION ENDING ON NOV. 20, THE EC COUNCIL OF AGRICULTURAL MINISTERS HAMMERED OUT FURTHER DETAILS OF THE EC MANDATE FOR NEGOTIATIONS WITH ACP COUNTRIES ON SUGAR, AND APPROVED A SPECIAL SUBSIDY AND INTERVENTION SCHEME FOR UK BEEF. UK AND DUTCH ACCEPTANCES OF THESE MEASURES ARE AD REFERENDUM. THE COUNCIL ALSO AGREED IN PRINCIPLE TO AN 18 PERCENT INCREASE IN THE FIXED CIF PRICES FOR NEW ZEALAND BUTTER AND CHEESE SOLD IN THE UK. IN THE GRAINS SECTOR, THE COUNCIL AGREED IN PRINCIPLE ON A 50 PERCENT REDUCTION IN STARCH PRODUCTION SUBSIDIES AND ADOPTED A RESOLUTION APPROVING IN PRINCIPLE AN IMPROVEMENT IN THE EC INFORMATION SYSTEM ON GRAIN IMPORTS. END SUMMARY.

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2. THE EC COUNCIL OF AGRICULTURAL MINISTERS FINISHED UP WHAT

UK MINISTER PEART DESCRIBED AS A LONG AND DIFFICULT MEETING AT 5:15 A.M. ON NOV. 20. THE MEETING PROVED TO BE A VERY PRODUCTIVE ONE FROM THE UK STANDPOINT SINCE THE COUNCIL CONTINUED TO ACCOMMODATE CERTAIN SENSITIVE UK DEMANDS IN AGRICULTURE. THE KEY AGREEMENTS REACHED BY THE COUNCIL CONCERNED ACP SUGAR AND UK BEEF. ACCEPTANCE OF THESE AGREEMENTS BY THE UK AND THE NETHERLANDS IS AD REFERENDUM SINCE THE AGREEMENTS APPARENTLY DIFFERED FROM OR WENT BEYOND THE INSTRUCTIONS OF THE DELEGATIONS FROM THOSE COUNTRIES.

3. THE MAIN RESULTS OF THE MEETING ARE SUMMARIZED BELOW, BY COMMODITY.

4. ACP SUGAR. THE COUNCIL COMPLETED THE EC MANDATES ON NEGOTIATIONS WITH THE ACP COUNTRIES CONCERNING PRICE GUARANTEES AND THE DURATION OF THE PURCHASE GUARANTEES FOR 1.4 MILLION MT OF SUGAR. ACCORDING TO UK OFFICIALS, THE COUNCIL AGREED THAT THE COMMUNITY'S PURCHASE GUARANTEE FOR ACP SUGAR SHOULD BE VALID FOR AN INDEFINITE PERIOD. IMPLEMENTING PROCEDURES (NOT YET SPECIFIED) ON EC PURCHASES WILL HAVE TO BE REVIEWED AFTER 7 YEARS AND MAY BE REVIEWED BEFORE THAT TIME IF NECESSARY. THESE PROCEDURES WILL NOT BE ABLE TO BE AMENDED FOR AT LEAST THE FIRST 5 YEARS. ON PRICE, UK OFFICIALS STATED THAT THE COUNCIL DECIDED TO OFFER THE ACP COUNTRIES A GUARANTEED CIF PRICE WITHIN THE RANGE OF EC PRICES (PRESUMABLY, BETWEEN THE INTERVENTION AND THRESHOLD PRICES). HOWEVER, IN "EXCEPTIONAL CIRCUMSTANCES" WHEN HIGH WORLD MARKET PRICES PREVAIL AND "AT LEAST FOR 1975", THE GUARANTEED PRICE MAY BE SUPPLEMENTED BY AMOUNTS TO BE NEGOTIATED BETWEEN PRIVATE BUYERS AND PRIVATE SELLERS. THESE SUPPLEMENTARY AMOUNTS MAY BE GUARANTEED BY A MEMBER STATE (THE UK) SUBJECT TO COMMISSION APPROVAL.

5. AHY "SUPPLEMENTARY AMOUNTS" THAT THE UK MAY HAVE TO GUARANTEE TO ACP COUNTRIES TO ASSURE SUGAR DELIVERIES IN 1975 APPARENTLY WILL BE PAID ONLY FROM UK, AND NOT COMMUNITY, FUNDS. UK OFFICIALS STATED THAT SUCH AMOUNTS PROBABLY WILL BE NECESSARY IN 1975 TO ATTRACT SUPPLIES. (THIS IS A SEPARATE ARRANGEMENT FROM THE DECISION FOR A COMMUNITY SUBSIDY ON BRITISH IMPORTS OF 200,000 TONS OF SUGAR THIS YEAR: REF. A).
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6. BEEF. BEGINNING NOV. 25, THE UK WILL ESTABLISH A SPECIAL TEMPORARY INTERVENTION SYSTEM FOR BEEF. THE "SPECIAL" INTERVENTION PRICE INITIALLY WILL BE EQUAL TO 65 PERCENT OF THE UK ORIENTATION PRICE AND WILL RISE TO 85 PERCENT BY JAN. 31, 1975. THE DIFFERENCE BETWEEN THIS "SPECIAL" INTERVENTION PRICE AND THE "NORMAL" INTERVENTION PRICE (EQUAL TO 93 PERCENT OF THE ORIENTATION PRICE) UNDER THE COMMUNITY-WIDE

INTERVENTION SYSTEM MAY BE PAID BY THE UK AS A SUBSIDY FOR CATTLE SLAUGHTERED. THIS SUSIDY MAY ALSO BE GRANTED FOR IRISH CATTLE EXPORTED TO THE UK. IN ADDITION TO THE SUBSIDY, UK PRODUCERS WILL CONTINUE TO BE ELIGIBLE TO RECEIVE THE CATTLE RETENTION PREMIUMS (UNLESS THE BEEF MOVES INTO INTERVENTION IN WHICH CASE THE PRODUCER WOULD RECEIVE ONLY THE SPECIAL SUBSIDY). ON EXPORTS FROM THE UK TO THE OTHER MEMBER STATES, THE ACCESSION COMPENSATORY AMOUNTS REPORTEDLY WILL BE INCREASED BY THE AMOUNT OF THE SUBSIDY.

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7 FUTURE SUGAR CAP.AT ITS MEETING ON OCTOBER 21-22 (REF. A), THE COUNCIL AGREED ON NEW SUGARPRODUCTION QUOTAS BEGINNING WITH THE 1975/76 SEASON. THE COUNCIL HAS NOW ADOPTED ADDITIONAL PROVISIONS OF THE NEW SUGAR CAP. ON THE INSISTENCE OF FRANCE, THE COUNCIL AGREED THAT IN THE 1976/77 AND 1977/78 SEASONS, THE MAXIMUM QUOTA FOR EACH MANUFACTURER MAY NOT BE LESS THAN HIS PRODUCTION WITHIN THE 1975/76 MAXIMUM QUOTAS (EQUAL TO 45 PERCENT OF THE BASE QUOTA). ALSO, THE PRODUCTION ASSESSMENT ON MAXIMUM QUOTA PRODUCTION MAY NOT EXCEED 30 PERCENT OF THE INTERVENTION PRICE. THE COUNCIL WILL IN FUTUREMEETINGS TAKE UP ADDITIONAL DETAILS ON A NEW SUGAR CAP, INCLUDING PROVISIONS FOR "C" SUGAR AND MINIMUM STOCK REQUIREMENTS.

8. SUGAR EXPORT TAXES. THE COMMISSION INFORMED THE COUNCIL OF ITS INTENTION TO LEVY EXPORT TAXES ON PROCESSED PRODUCTS (GRAIN, 48:3, AND MILK-BASED PRODUCTS) WITH A SUGAR CONTENT OF 35 PERCENT OR MORE, BEGINNING DECEMBER 2. THE TAX WILL AMOUNT TO 20 U.A./100 KG.OF SUGAR ADDED. THE COUNCIL SUPPORTED THE COMMISSION ANNOUNCEMENTS BY APPROVING IN PRINCIPLE A REGULATION PROVIDING FOR EXPORT TAXES ON PROCESSED FRUITS AND VEGETABLES WITH SUGAR ADDED.

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9. STARCHES. THE COUNCIL AGREED IN PRINCIPLE TO A 50 PERCENT REDUCTION EFFECTIVE APRIL 1, 1975, IN THE PRODUCTION SUBSIDIES GRANTED FOR STARCHES PRODUCED FROM GRAINS. LARDINOIS HAS BEEN SEEKING SUCH A REDUCTION TO INCLUDE IN HIS PACKAGE OF MEASURES TO REDUCE DEMAND FOR IMPORTED GRAINS. (REF. B).

10. NEW ZEALAND DAIRY PRODUCTS. THE ACCESSION TREATY PROVIDES FOR SPECIAL TRADE ARRANGEMENTS, CONSISTING OF FIXED CIF PRICES AND SPECIAL IMPORT LEVIES, IN IMPORTS INTO THE UK OF SPECIFIED QUANTITIES OF BUTTER AND CHEESE FROM NEW ZEALAND. THE COUNCIL HAS NOW AGREED THAT THE FIXED CIF PRICES SHOULD BE INCREASED BY 18 PERCENT TO THE FOLLOWING LEVELS EFFECTIVE JANUARY 1, 1975: BUTTER - 90.81 U.A./100 KG.; CHEESE - 78.81 U.A./100 KG.

11. GRAIN INFORMATION SYSTEM. THE COUNCIL ADOPTED A RESOLUTION SUPPORTING THE COMMISSION'S EFFORTS TO HASTEN RECEIPT OF CUSTOMS DATA ON IMPORTS OF GRAINS AND SUGAR. WE ARE AWAITING THE DETAILS OF THE RESOLUTION AND OF THE COMMISSION'S EFFORTS.

12. THE NEXT MEETING OF THE COUNCIL OF AGRICULTURAL MINISTERS IS SCHEDULED FOR DECEMBER 9-10. MYERSON

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